

# Accounting for Regional Differences in Per Capita Personal Income Growth, 1929-79

FROM 1929 to 1979, when per capita personal income grew more than ninefold in each of the eight BEA regions, regional differences in per capita income narrowed. Per capita income increased from 64 to 91 percent of the national average in the low-income regions (Southeast, Southwest, Plains, and Rocky Mountain), and declined from 127 to 107 percent of the national average in the high-income regions (Midwest, Far West, New England, and Great Lakes).

This article provides measures of the relative regional contributions of the per capita income components to the narrowing of regional differences in each of six timespans included in 1929-79: 1929-40, 1940-50, 1950-59, 1959-69, 1969-73, and 1973-79.<sup>1</sup> The choice of years for the first three timespans is based solely on data availability, and that for the subsequent timespans is based on national business cycle peaks in order to separate trend from cyclical changes. Chart 6 shows that, in each of the six timespans, per capita income increased as a percent of the national average in the low-income regions and declined as a percent of the national average in the high-income regions. The disparity between the rates of change, however, varied over time (table 1). Further, it will be shown that the components of

per capita income that governed the rates of change also varied over time.

Per capita personal income may be separated into three major components, each on a per capita basis: (1) labor and proprietors' income, (2) personal dividend, interest, and rental income, and (3) transfer payments. Each component contributed to the narrowing of regional differences in most of the timespans. Labor and proprietors' income per capita is further subdivided in order to identify and measure the contributions to the narrowing of other factors, such as the mix of employment by industry, wage rates by industry, and employment-population ratios. Some of these sub-components could not be estimated for the early timespans because data prior to 1950, especially for 1929, are limited. Accordingly, the following overview discusses the contributions of the components (and sub-components) of per capita income for 1940-79 rather than 1929-79.

## Overview, 1940-79

From 1940 to 1979, when each major component contributed to the narrowing of regional differences in per capita personal income, the contributing factors, and the shares of the narrowing that they accounted

for, were: (1) more uniform regional industrial mixes of employment, accounting for about one-half of the narrowing; (2) more uniform regional distributions of personal dividend, interest, and rental income per capita, for about one-eighth; (3) more uniform regional distributions of transfer payments per capita, also for about one-eighth; (4) more uniform regional ratios of employment to working-age population, for about one-tenth; and (5) reduced regional differentials in wage rates (adjusted for regional differences in industrial mix), also for about one-tenth. Factors 1, 4, and 5, which are directly related to employment income, together accounted for about three-quarters of the narrowing. The discussion that follows emphasizes these three factors.

The trend toward more uniform regional industrial mixes of employment (factor 1) was, in large part, a result of a reallocation of redundant farm workers. In 1940, in the low-income regions, farming, which was a relatively low-paying industry, accounted for a large share of total employment. In the early 1940's, large-scale mechanization began to reduce employment opportunities in farming. During and after World War II, nonfarm employment opportunities grew rapidly, and workers shifted from farm to nonfarm

**NOTE.**—Robert Bretzfelder and Bruce Levine, assisted by Ronald Catzva, made substantial contributions in implementing the methodology and in preparing and analyzing the tables. Frank de Leeuw and Ray Grimes contributed to the development of the methodology and to the analysis of the findings. Elizabeth Queen, Kenneth Berkman, and Robert Brown, all under the direction of Edwin Coleman, and Kenneth Johnson developed special estimates and statistical techniques.

1. The measures are based on estimates of State personal income published in the July 1981 Survey of CURRENT BUSINESS. Use of the revised estimates published in the August 1982 Survey, which was precluded because of time constraints, would have little effect on the findings of this article.

Table 1.—Percent Change in Per Capita Personal Income, Selected Timespans, 1929-79, United States and BEA Regions

	United States	Low-income regions <sup>1</sup>		High-income regions <sup>2</sup>	
	Percent change	Percent change	Difference from U.S. average <sup>3</sup>	Percent change	Difference from U.S. average <sup>3</sup>
1929-79	1185.1	1637.7	512.6	938.4	-192.7
1929-40	-16.0	-12.2	2.8	-17.3	-1.3
1940-50	150.8	199.5	48.7	128.8	-21.0
1950-59	44.4	47.9	3.2	42.2	-2.3
1959-69	78.2	80.9	2.7	69.0	-9.1
1969-73	34.9	42.0	7.1	31.5	-3.4
1973-79	72.4	74.2	1.8	72.0	-0.4

1. Southeast, Southwest, Plains, and Rocky Mountain.

2. Midwest, Far West, New England, and Great Lakes.

3. Based on unrounded data.

employment.<sup>2</sup> The reallocation of farm workers had the effect of raising the incomes of persons who remained in farming, as well as of persons who shifted to higher paying employment in other industries.

The trend toward more uniform ratios of employment to working-age population (factor 4) also was, in part, a result of the reallocation of farm workers. In the 1950's and 1960's, in the low-income regions, the growth of nonfarm employment opportunities was not sufficient to absorb fully the redundant farm workers and new entrants to the labor force. Work-force outmigration from the low- to the high-income regions resulted, and regional ratios of employment to working-age population—which had been below the average in the low-income regions and above the average in the high-income regions—converged toward the national average. In the 1970's, in contrast, regional ratios of employment to working-age population diverged from the national average. Nonfarm employment opportunities grew much more rapidly in the low- than in the high-income regions, and substantial numbers of workers migrated to the low-income regions. Work-force immigration to the low-income regions did not fully offset the rapid growth in nonfarm employment opportunities, and the ratio of employment to working-age population rose above the national average for the first time. Conversely, work-force outmigration from the high-income regions did not fully offset the slow growth or declines in nonfarm employment opportunities, and the ratio of employment to working-age population fell below the national average.

For 1940-79 as a whole, the reduction of regional wage rate differentials (factor 5) was small, and so was its contribution to per capita income convergence. Neoclassical economic theory would have predicted convergence. Immigration to high-wage regions would put downward pressure on wage rates; as labor reserves de-

clined in low-wage regions, upward pressure would be put on wage rates in order to hold workers.<sup>3</sup>

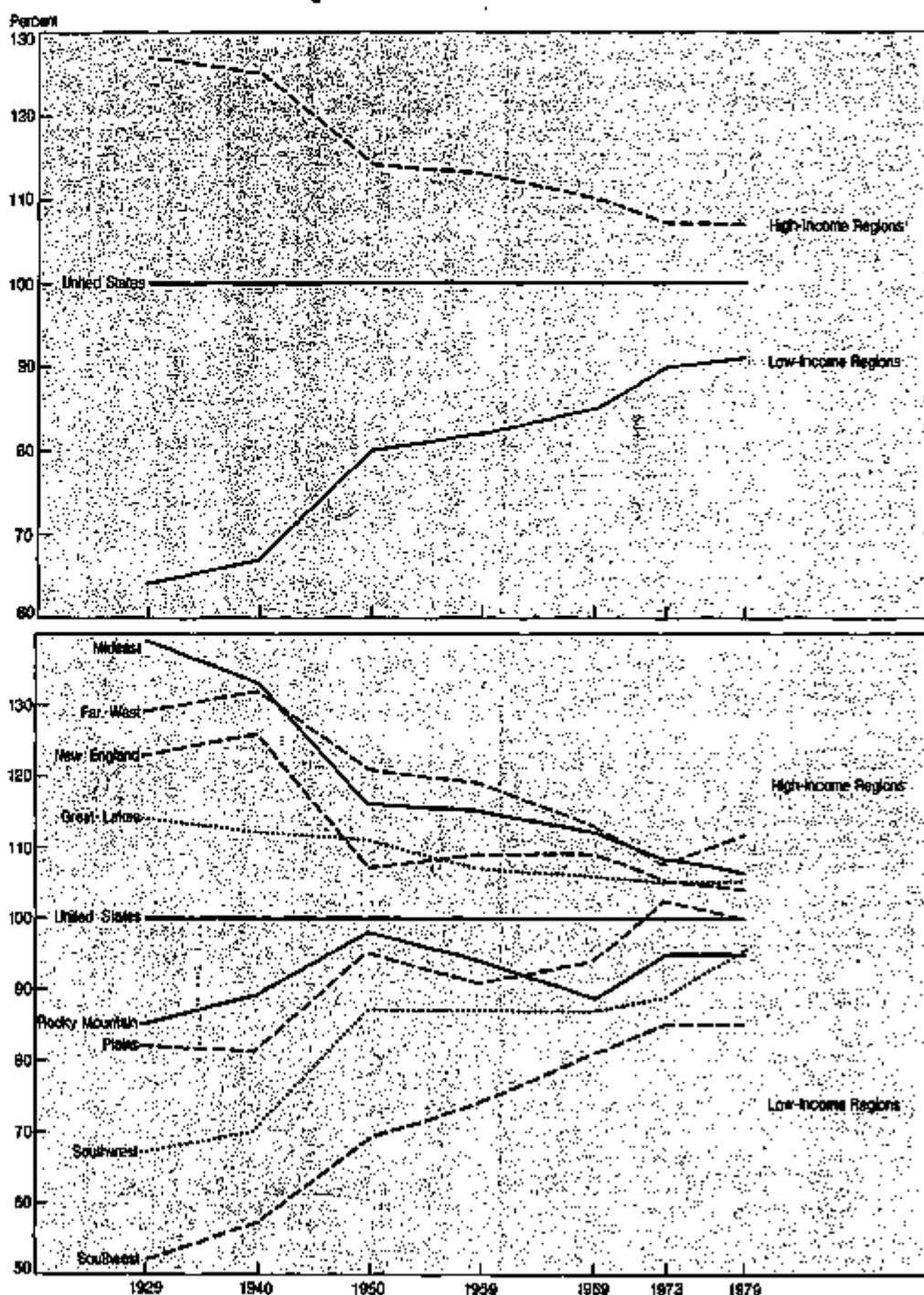
The persistence of regional wage rate differentials can be reconciled with this theory if it is recognized that firms choose locations for differ-

ent reasons than workers do. In choosing between two locations, firms tend to locate where wage rates and other costs, relative to selling prices, are lower. Workers tend to locate where wage rates, relative to the cost of living, are higher. Studies have shown that about two-thirds of the explained variation among regions in wage rates reflects regional differ-

3. J. R. Hicks, *The Theory of Wages*, (London: MacMillan, 1932).

**Per Capita Personal Income as a Percent of the U.S. Average, Selected Years, 1929-79, BEA Regions**

CHART 6



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2. In 1940-79, farm employment as a percent of total employment in the low-income regions declined more than 25 percentage points. Two-fifths of the decline occurred in 1940-50. In 1940-50, regional differences in per capita personal income narrowed more than in any other timespan, and the farm-nonfarm employment shift was a major contributing factor. In 1950-79, regional differences in per capita income continued to narrow, but the farm-nonfarm shift appears to have accounted for no more than one-fifth of the narrowing.

Table 2.—Per Capita Personal Income, by Component, Selected Years, 1929-79, United States and BEA Regions

	Dollar					Percent of U.S. average									
	1929	1940	1950	1959	1969	1973	1979	1929	1940	1950	1959	1969	1973	1979	
<b>United States</b>															
Per capita personal income	705	593	1,485	2,145	3,714	5,030	8,837	100	100	100	100	100	100	100	
Wages and salaries	418	376	892	1,432	2,528	3,297	5,455	100	100	100	100	100	100	100	
Other labor income	5	5	24	60	141	231	523	100	100	100	100	100	100	100	
Farm proprietors' income	51	34	89	56	71	153	137	100	100	100	100	100	100	100	
Nonfarm proprietors' income	74	65	165	297	261	289	445	100	100	100	100	100	100	100	
Personal dividend, interest, and rental income	151	93	164	233	612	677	1,286	100	100	100	100	100	100	100	
Transfer payments	12	24	100	153	331	565	1,111	100	100	100	100	100	100	100	
Less: personal contributions for social insurance	1	5	19	45	129	200	357	100	100	100	100	100	100	100	
Plus: residence adjustment	0	0	0	-1	-1	-1	-2								
<b>Low-income regions</b>															
Per capita personal income	451	396	1,188	1,751	3,167	4,498	7,287	64	67	80	92	95	90	91	
Wages and salaries	243	232	689	1,122	2,073	2,811	4,270	58	62	72	77	82	83	89	
Other labor income	3	3	15	43	112	184	460	100	100	100	100	100	100	100	
Farm proprietors' income	78	51	148	89	111	260	197	100	100	100	100	100	100	100	
Nonfarm proprietors' income	51	35	147	155	241	280	494	100	100	100	100	100	100	100	
Personal dividend, interest, and rental income	69	49	114	209	427	605	1,128	100	100	100	100	100	100	100	
Transfer payments	9	16	90	130	297	510	1,038	100	100	100	100	100	100	100	
Less: personal contributions for social insurance	1	5	14	36	109	175	280	100	100	100	100	100	100	100	
Plus: residence adjustment	0	0	0	8	10	12	20								
<b>Southeast</b>															
Per capita personal income	367	306	1,028	1,597	2,998	4,253	7,348	52	57	69	74	81	85	85	
Wages and salaries	202	209	621	1,046	2,011	2,758	4,381	49	55	65	72	77	83	84	
Other labor income	3	3	15	43	108	181	434	100	100	100	100	100	100	100	
Farm proprietors' income	66	40	100	72	78	139	143	100	100	100	100	100	100	100	
Nonfarm proprietors' income	36	38	121	165	215	258	376	100	100	100	100	100	100	100	
Personal dividend, interest, and rental income	53	39	91	173	370	527	995	100	100	100	100	100	100	100	
Transfer payments	7	12	87	128	283	617	1,068	100	100	100	100	100	100	100	
Less: personal contributions for social insurance	1	5	13	32	104	171	302	100	100	100	100	100	100	100	
Plus: residence adjustment	0	0	0	18	25	35	56								
<b>Southwest</b>															
Per capita personal income	474	415	1,291	1,874	3,239	4,441	8,292	67	70	87	97	97	95	95	
Wages and salaries	248	232	708	1,214	2,154	2,831	5,249	60	63	80	84	85	86	86	
Other labor income	3	3	19	51	121	201	545	100	100	100	100	100	100	100	
Farm proprietors' income	75	48	113	74	71	177	159	100	100	100	100	100	100	100	
Nonfarm proprietors' income	60	37	178	282	298	330	520	100	100	100	100	100	100	100	
Personal dividend, interest, and rental income	80	57	184	347	493	636	1,284	100	100	100	100	100	100	100	
Transfer payments	1	15	84	123	289	452	988	100	100	100	100	100	100	100	
Less: personal contributions for social insurance	1	5	16	36	111	172	339	100	100	100	100	100	100	100	
Plus: residence adjustment	0	0	-2	-9	-2	-4	-2								
<b>Plains</b>															
Per capita personal income	578	482	1,413	1,961	3,207	5,187	8,620	62	61	95	91	94	103	103	
Wages and salaries	302	284	792	1,196	2,162	3,877	6,270	73	70	78	82	85	97	93	
Other labor income	3	3	17	46	119	301	493	100	100	100	100	100	100	100	
Farm proprietors' income	165	74	200	139	228	675	417	100	100	100	100	100	100	100	
Nonfarm proprietors' income	62	60	172	219	281	320	483	100	100	100	100	100	100	100	
Personal dividend, interest, and rental income	88	61	141	252	536	788	1,496	100	100	100	100	100	100	100	
Transfer payments	19	21	88	143	315	538	1,021	100	100	100	100	100	100	100	
Less: personal contributions for social insurance	1	2	15	40	129	197	352	100	100	100	100	100	100	100	
Plus: residence adjustment	0	0	-2	-10	-25	-34	-59								
<b>Rocky Mountain</b>															
Per capita personal income	399	528	1,458	2,021	3,308	4,743	8,246	85	83	98	94	99	95	95	
Wages and salaries	254	307	827	1,292	2,107	2,931	5,293	86	86	95	93	95	91	91	
Other labor income	5	5	16	43	109	182	442	100	100	100	100	100	100	100	
Farm proprietors' income	74	62	187	244	312	311	528	100	100	100	100	100	100	100	
Nonfarm proprietors' income	65	65	155	234	372	312	488	100	100	100	100	100	100	100	
Personal dividend, interest, and rental income	91	63	155	252	485	633	1,338	100	100	100	100	100	100	100	
Transfer payments	12	28	108	158	339	486	918	100	100	100	100	100	100	100	
Less: personal contributions for social insurance	1	4	18	42	119	185	357	100	100	100	100	100	100	100	
Plus: residence adjustment	0	0	0	-1	2	2	5								
<b>High-income regions</b>															
Per capita personal income	834	739	1,698	2,414	4,080	5,367	9,280	127	126	114	113	110	107	107	
Wages and salaries	541	488	1,187	1,679	2,928	3,838	6,234	131	128	120	115	113	110	109	
Other labor income	8	7	28	72	161	257	699	100	100	100	100	100	100	100	
Farm proprietors' income	38	21	51	35	44	78	92	100	100	100	100	100	100	100	
Nonfarm proprietors' income	91	78	177	220	374	236	458	100	100	100	100	100	100	100	
Personal dividend, interest, and rental income	218	125	200	300	570	727	1,388	141	135	122	114	111	107	106	
Transfer payments	16	30	109	187	395	604	1,191	125	125	108	109	107	107	106	
Less: personal contributions for social insurance	1	2	28	61	142	217	352	100	100	100	100	100	100	100	
Plus: residence adjustment	0	0	-2	-4	-8	-19	-16								
<b>Midwest</b>															
Per capita personal income	977	790	1,730	2,461	4,169	5,476	9,145	139	126	116	115	112	109	106	
Wages and salaries	581	513	1,209	1,740	2,921	3,707	6,505	141	128	126	120	116	115	109	
Other labor income	7	8	28	72	161	257	699	100	100	100	100	100	100	100	
Farm proprietors' income	15	11	28	17	21	38	59	100	100	100	100	100	100	100	
Nonfarm proprietors' income	97	80	169	211	371	282	435	100	100	100	100	100	100	100	
Personal dividend, interest, and rental income	252	160	213	317	610	756	1,408	174	161	130	121	119	112	109	
Transfer payments	15	31	116	174	378	651	1,283	125	129	115	114	114	115	116	
Less: personal contributions for social insurance	2	7	24	64	145	224	390	100	100	100	100	100	100	100	
Plus: residence adjustment	0	0	-7	-28	-45	-60	-104								
<b>Far West</b>															
Per capita personal income	911	798	1,800	2,553	4,161	5,394	8,673	123	132	121	119	113	106	112	
Wages and salaries	513	478	1,118	1,708	2,842	3,554	6,156	124	127	116	118	112	109	113	
Other labor income	7	8	24	60	143	225	549	100	100	100	100	100	100	100	
Farm proprietors' income	54	38	78	56	57	114	138	100	100	100	100	100	100	100	
Nonfarm proprietors' income	111	104	251	274	318	345	548	100	100	100	100	100	100	100	
Personal dividend, interest, and rental income	212	124	217	336	677	743	1,497	140	138	132	128	123	110	116	
Transfer payments	15	40	136	177	398	647	1,299	125	147	136	136	129	115	109	
Less: personal contributions for social insurance	1	8	25	59	165	287	419	100	100	100	100	100	100	100	
Plus: residence adjustment	0	0	1	-2	-1	-1	1								
<b>New England</b>															
Per capita personal income	867	746	1,593	2,345	4,048	5,263	8,978	123	126	107	109	109	105	104	
Wages and salaries	535	484	1,183	1,639	2,839	3,452	5,872	130	129	113	118	107	105	102	
Other labor income	5	6	28	72	167	248	588	100	100	100	100	100	100	100	
Farm proprietors' income	15	9	23	15	17	25	34	100	100	100	100	100	100	100	
Nonfarm proprietors' income	78	65	150	196	344	291	472	100	100	100	100	100	100	100	
Personal dividend, interest, and rental income	220	136	211	304	613	757	1,414	146	168	125	116	120	112	110	
Transfer payments	14	30	110	175	343	612	1,175	117	135	110	114	110	104	104	
Less: personal contributions for social insurance	1	5	20	45	132	192	351	100	100	100	100	100	100	100	
Plus: residence adjustment	0	0	7	38	67	79	111								
<b>Great Lakes</b>															
Per capita personal income	906	805	1,645	2,303	3,830	5,306	9,063	114	112	111	107	104	105	106	
Wages and salaries	507														

ences in the cost of living, and about one-third reflects regional differences in work-force characteristics. Because labor is an imperfectly mobile resource, insofar as migration entails moving costs, the persistence of wage rate differentials for homogeneous labor largely reflects cost-of-living differentials and a premium associated with moving costs. The two-track view of location incentives helps explain (1) why the growth of nonfarm employment opportunities was faster in the low-income regions, with low wage rates, than in the high-income regions, with high wage rates, and (2) why some workers may have migrated from the high-income regions, where high costs of living more than offset the beneficial effects of high wage rates, to the low-income regions, where low costs of living more than offset the adverse effects of low wage rates.

In the 1940-79 timespan, 1973-79 was the only subperiod in which the reduction of regional wage rate differentials was a major contributor to the narrowing of regional differences in per capita personal income. The reduction of the differentials coincided with regional convergence in relative costs of living; in particular, housing costs increased faster in the low- than in the high-income regions.<sup>4</sup>

The reduction of regional wage rate differentials also coincided with net work-force migration from the high- to the low-income regions. Migration in the reverse direction apparently was not a necessary condition for the reduction of the differentials.<sup>5</sup> The reductions in both wage rate and cost-of-living differentials, moreover, were not inconsistent with net immigration to the low-income regions. As firms responded to the rapid growth of energy-related activity in the low-income regions, they increased the level of capital investment in these

regions and provided more high-wage jobs, thereby tending to increase relative wage rates and to attract working migrants. The net immigration of workers led, in part, to the relative increase in housing costs. This increase, in turn, may have been a cause, as well as an effect, of the increase in relative wage rates.

If recent trends in the narrowing of regional wage rate and cost-of-living differentials were to continue, neo-classical theory, as elaborated by the two-track view of location incentives discussed above, would predict a slowing of differences in employment growth. For long-run equilibrium among regions, it is necessary that no factor of production could be profitably relocated. Regional differentials have narrowed in variable costs of production and distribution other than wage rates. As an example, owing to Federal deregulation of transportation, freight rates have tended to become more uniform among regions. The narrowing differentials would tend to result in reduced relative marginal efficiencies of investment in those labor-intensive industries that accounted for much of the relative growth in employment in the low-income regions during the 1940-79 timespan, and the rate of net work-force immigration to these regions would be expected to slow. Thus far in the 1980's, data indicate such a slow-down.<sup>6</sup> Nevertheless, because it is unlikely that all of the theoretical conditions required for nonprofitability of factor relocation can be met, it is not possible to predict the end of interregional migration of labor and industrial relocation of facilities.

The trend toward more regional uniformity in *transfer payments per capita* (factor 3), which consist mainly of social security benefits, reflects changes in social security coverage. As the industrial coverage of the social security system expanded and as regional industrial mixes of employment became more uniform, regional differences in social security benefits received, as well as personal contributions for social insurance, per capita narrowed. Migration of retirees from high- to low-income regions also contributed to the narrowing.

The trend toward more uniform regional distributions of *personal divi-*

*dend, interest, and rental income per capita* (factor 2) suggests that regional differences in wealth have narrowed; this is consistent with the narrowing of the other components of per capita personal income noted above.

## Per Capita Income Components

### Estimates

Table 2 shows the components of per capita personal income for 1929, 1940, 1950, 1959, 1969, 1973, and 1979. Table 3 shows detailed breakdowns of the components for 1940-50 and for the four subsequent timespans. A detailed breakdown for 1929-40 was not possible due to lack of data. For both detailed breakdowns shown in table 3, per capita personal income was broken into labor and proprietors' income (wages and salaries, other labor income, and farm and nonfarm proprietors' income) per capita and other income components (personal dividend, interest, and rental income, transfer payments, less personal contributions for social insurance, plus residence adjustment) per capita. In the breakdown for the four most recent timespans, labor and proprietors' income per capita was broken into 10 subcomponents; such a breakdown for 1940-50 was not possible due to lack of data.

The breakdown into the subcomponents of labor and proprietors' income per capita permits the measurement of the contributions to the narrowing of regional per capita income differences that are due to factors such as the mix of employment by industry and wage rates by industry. Subcomponent 1, which is expressed on a per employee/proprietor basis, is the wage and salary and farm proprietors' income that would have originated in a region if all wage and salary employees in each industry in the region had been paid at the national average rate in the corresponding industry and if all farm proprietors in the region had been paid at the national average rate for farm proprietors. When this subcomponent is calculated for two or more regions, the same national distribution of wages and salaries per employee, by industry, and of farm proprietors' income per proprietor is multiplied by each region's distribution of employment, by industry. Thus, regional dif-

4. Regional wage rate and cost-of-living differentials are not independent of each other, insofar as wages may account for a large fraction of the costs of production and distribution. This is particularly true for housing and services, both of which tend to be consumed in the vicinities of their production.

5. See G. H. Borts, "The Equalization of Returns and Regional Economic Growth," *American Economic Review*, L (June 1960), pp. 319-47. In 1960, Borts found that from 1919 to 1958, migration flows from low- to high-wage regions had occurred but, apparently, the flows had not been large enough to result in substantial laterregional wage rate convergence; he concluded that continued migration in the "right direction" was a necessary, although not a sufficient, condition for convergence.

6. It should be noted, however, that in previous periods of recession, the migration rate also slowed.

ferences in this subcomponent reflect regional differences in the distribution (mix) of employment among industries with varying wage rates nationally. The industrial mix of employment includes the number of farm proprietors; in all regions, this number is substantially larger than

the number of farm wage and salary employees.

Subcomponent 2, which also is expressed on a per employee/proprietor basis, is the ratio of the wage and salary and farm proprietors' income originating in a region to hypothetical wage and salary and farm propri-

etors' income (subcomponent 1). When subcomponent 2 is calculated, the region's industrial mix of employment is multiplied by (1) the region's industrial distribution of wage and salary and farm proprietors' income per employee/proprietor (for the numerator) and (2) the corresponding national industrial distribution (for the denominator). Thus, this subcomponent reflects region/Nation differences in industrial wage rates, apart from those due to region/Nation differences in the industrial mix of employment.

Subcomponents 3 and 8 are the percents of total employment accounted for by wage and salary employees and farm proprietors and by nonfarm proprietors, respectively. Subcomponent 4, and also subcomponent 9, is the percent of the working-age population (ages 15-64) that is employed. Subcomponent 5, and also subcomponent 10, is the percent of the total population that is of working age. Subcomponent 7 is the earnings rate of nonfarm proprietors. For 1940-50, labor and proprietors' income per capita is broken into four subcomponents; these measure the mix of employment by industry, earnings rates by industry, the percent of the working-age population that is employed, and the percent of the total population that is of working age.

#### Component contributions

Tables 4 and 5 show for 1940-50 and for the four most recent timespans, respectively, percent changes in per capita personal income, by component. For each region in each timespan, these data provide the basis for measuring the contribution of the change in each component of per capita income to the change relative to the national average in total per capita income. For each region in table 4, the contributions can be measured as follows: (1) Adjust each subcomponent of labor and proprietors' income per capita (columns 2-5) so that, when summed, they equal the percent change in labor and proprietors' income per capita. This adjustment consists of multiplying a logarithmic factor for the subcomponent by the percent change in labor and proprietors' income per capita.<sup>7</sup> (2)

7. In general terms, the factor is:  

$$\frac{\log(1 + \text{rate of change in subcomponent})}{\log(1 + \text{rate of change in labor and proprietors' income per capita})}$$

Table 3.—Per Capita Personal Income, by Detailed Component and Timespan

1940-50	1950-53, 1953-59, 1959-73, and 1973-79
Per capita personal income	Per capita personal income
Labor and proprietors' income per capita	Labor and proprietors' income per capita
a. Hypothetical labor and proprietors' income per employee	Wages and salaries and farm proprietors' income per capita (=1×2×3×4×5)
b. Actual labor and proprietors' income per employee + hypothetical labor and proprietors' income per employee	1. Hypothetical wages and salaries per employee and farm proprietors' income per proprietor
c. Total employment + working-age population (ages 15-64)	2. Actual wages and salaries per employee and farm proprietors' income per proprietor + hypothetical wages and salaries per employee and farm proprietors' income per proprietor
d. Working-age population ÷ total population	3. Wage and salary employment and number of farm proprietors ÷ total employment
Other income components per capita	4. Total employment + working-age population
e. Personal dividend, interest, and rental income per capita	5. Working-age population ÷ total population
f. Transfer payments per capita	6. Other labor income per capita
g. Less: personal contributions for social insurance per capita	Nonfarm proprietors' income per capita (=7×8×9×10)
	7. Nonfarm proprietors' income ÷ number of nonfarm proprietors
	8. Number of nonfarm proprietors ÷ total employment
	9. Total employment + working-age population
	10. Working-age population ÷ total population
	Other income components per capita
	11. Personal dividend, interest, and rental income per capita
	12. Transfer payments per capita
	13. Less: personal contributions for social insurance per capita
	14. Plus: residence adjustment per capita

1. The labor and proprietors' income obtained by (1) multiplying total employment in each industry in a region by labor and proprietors' income per employee in the corresponding industry nationally, (2) summing the results across all industries, and (3) dividing by total employment.

2. The wage and salary and farm proprietors' income obtained by (1) multiplying wage and salary employment in each industry in a region by wages and salaries per employee in the corresponding industry nationally, (2) multiplying the number of farm proprietors in the region by farm proprietors' income per proprietor nationally, (3) summing the results across all wage and salary industries and the farm proprietors' income component, and (4) dividing by total employment, excluding nonfarm proprietors.

3. The residence adjustment was not estimated for 1940-50.

Note.—In column 1, labor and proprietors' income per capita is the product of components a-d, and per capita personal income is the sum of labor and proprietors' income per capita and components e-g. In column 2, wages and salaries and farm proprietors' income per capita is the product

of components 1-5, nonfarm proprietors' income per capita is the product of components 7-10, and per capita personal income is the sum of wages and salaries and farm proprietors' income per capita, other labor income per capita, nonfarm proprietors' income per capita, and components 11-14.

Note on Sources.—The Regional Economic Measurement Division (REMD) provided estimates from its Regional Economic Information System of: (1) total personal income, by component, and total population for 1940, 1950, 1959, 1969, 1978, and 1979; (2) labor and proprietors' income, by industry, for 1940 and 1950; (3) wages and salaries, by industry, for 1940, 1949, 1959, 1973, and 1979; and (4) wage and salary employment, by industry, and the number of farm and nonfarm proprietors for 1940 and 1950. The Regional Economic Analysis Division prepared estimates based on Census Bureau data of (1) population, by age group, for 1940, 1950, 1959, 1969, 1973, and 1979, and (2) total employment, by industry, for 1940 and 1950.

Table 4.—Percent Change in Per Capita Personal Income, by Detailed Component, 1940-50, United States and BEA Regions

	Per capita personal income	Labor and proprietors' income per capita				Other income components per capita		
		Hypothetical income per employee	Actual income per employee	Total employment + working-age population	Working-age population ÷ total population	Personal dividend, interest, and rental income per capita	Transfer payments per capita	Personal contributions for social insurance per capita
United States	(1) 150.8	(2) 133.6	(3) 0	(4) 15.8	(5) -4.5	(6) 76.3	(7) 316.7	(8) 234.0
Low-income regions	199.5	146.7	8.2	16.1	-2.8	132.7	482.5	266.7
Southeast	204.1	153.6	8.2	11.3	-3.7	133.3	525.0	333.3
Southwest	211.1	145.7	12.2	17.0	-2.3	135.1	525.7	400.0
Plains	188.2	142.2	9.0	20.4	-5.2	141.2	318.0	460.0
Rocky Mountain	177.2	137.3	-4	25.2	-6.3	145.0	272.4	350.0
High-income regions	129.8	121.4	-3.1	16.4	-5.8	69.7	260.0	214.3
Midwest	119.0	129.3	-4.0	15.7	-4.6	42.0	271.0	242.9
Far West	130.3	123.0	0	14.0	-7.4	78.0	240.0	312.5
New England	135.5	123.3	-6.2	18.5	-4.5	24.3	268.7	238.3
Great Lakes	147.4	130.4	-2.0	19.2	-6.3	92.2	244.0	290.0

1. See table 3, footnote 1.

Multiply, i.e., weight, each adjusted percent change from step 1 by the share of total personal income in 1940 accounted for by labor and proprietors' income, and multiply the percent changes of the other income components per capita (columns 6, 7, and 8) by the shares of total personal income in 1940 accounted for by personal dividend, interest, and rental income, by transfer payments, and by personal contributions for social insurance, respectively (see table 6). (3)

Subtract the corresponding national percent change, which also has been adjusted and/or weighted, from each weighted percent change from step 2. The contributions, that is, the percentage-point differences, which sum to the region/Nation difference in the percent change in total per capita income, are shown in table 7.

For each region/timespan in table 5, the contributions can be measured as follows: (1) Adjust each subcomponent of wages and salaries and farm

proprietors' income per capita (columns 2-6) and each subcomponent of nonfarm proprietors' income per capita (columns 5, 6, 8, and 9) so that, when summed, they equal the percent change in wages and salaries and farm proprietors' income per capita and the percent change in nonfarm proprietors' income per capita, respectively. These adjustments consist of multiplying logarithmic factors for the subcomponents by the percent change in wages and salaries and

Table 5.—Percent Change in Per Capita Personal Income, by Detailed Component, Selected Timespans, 1950-79, United States and BEA Regions

	Per capita personal income	Labor and proprietors' income per capita							Other income components per capita				
		Hypothetical income per employee <sup>1</sup>	Actual income per employee <sup>2</sup>	Wage and salary employment <sup>3</sup>	Total employment + working-age population	Working-age population + total population	Other labor income per capita	Non-farm proprietors' income + number of nonfarm proprietors	Number of nonfarm proprietors + total employment	Personal dividend, interest, and rental income per capita	Transfer payments per capita	Personal contributions for social insurance per capita	Residence adjustment per capita
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1950-59													
United States	44.4	48.1	0	1.3	3.7	-3.2	160.9	59.4	-11.9	60.4	53.8	134.8	0
Low-income regions	47.6	47.9	-1.4	.8	6.2	-4.7	169.8	41.0	-7.5	66.3	47.8	187.1	0
Southeast	55.4	47.8	-4.2	.1	5.5	-5.2	158.3	37.8	-1.9	90.1	47.1	146.2	116.7
Southwest	45.2	49.8	-2.6	1.4	6.9	-7.3	183.3	35.9	-12.2	84.3	33.8	153.3	350.0
Plains	38.1	45.5	-3.4	1.7	7.9	-3.3	170.6	51.7	-14.3	78.7	68.2	166.7	400.0
Rocky Mountain	38.6	47.8	-5.8	1.7	6.6	-3.2	138.9	46.6	-13.6	63.2	43.5	183.3	0
High-income regions	42.2	50.1	.7	1.4	1.9	-3.3	140.0	87.3	-14.6	59.0	54.8	131.8	100.0
Midwest	42.3	49.8	1.2	1.3	2.1	-3.2	141.3	56.0	-13.6	48.8	53.0	125.0	185.7
Far West	41.8	51.7	-2	2.8	4.4	-3.9	150.0	44.5	-20.5	54.5	36.2	182.0	-300.0
New England	47.3	50.9	.9	1.1	4.1	-3.9	189.3	57.1	-11.8	44.1	69.1	125.0	371.4
Great Lakes	40.1	49.9	-5.8	1.4	-1.1	-9.7	140.9	66.6	-16.1	43.7	72.1	125.0	-200.0
1959-69													
United States	73.2	64.4	0	1.9	4.6	2.3	135.0	49.4	-22.1	94.7	176.3	136.7	0
Low-income regions	80.9	61.8	-2	1.9	5.4	4.4	160.5	45.4	-20.1	104.3	139.3	203.8	233.8
Southeast	87.7	63.1	-1.6	1.8	5.5	4.6	184.2	46.8	-20.5	113.8	128.9	255.0	113.4
Southwest	79.5	59.7	-4.3	2.0	6.3	3.9	157.7	43.5	-20.3	84.3	131.3	182.1	-77.8
Plains	19.8	60.9	1.0	1.9	4.8	3.5	158.7	45.6	-18.9	112.7	112.8	390.0	150.0
Rocky Mountain	63.4	53.1	-2.7	2.0	-2.2	8.4	132.6	41.9	-13.6	85.0	96.1	183.3	-300.0
High-income regions	69.0	63.8	.6	1.9	4.0	2.6	123.6	52.4	-23.4	98.0	112.6	178.4	100.0
Midwest	69.4	62.2	2.1	2.1	4.4	1.2	112.6	62.8	-25.8	92.4	114.8	159.4	125.0
Far West	63.3	55.5	-1.4	1.8	1.2	4.3	186.3	36.2	-13.6	71.7	124.5	167.2	-30.0
New England	72.4	52.5	1.4	1.8	2.4	2.8	184.3	64.1	-22.6	101.6	107.4	193.3	108.0
Great Lakes	70.5	63.8	-1.1	2.1	6.1	2.8	127.3	60.3	-25.4	97.3	102.7	197.2	400.0
1969-78													
United States	34.3	38.7	0	.2	-2	2.3	62.8	12.1	-2.7	32.3	70.7	55.0	0
Low-income regions	42.0	34.1	1.5	.2	1.0	1.9	73.2	15.3	-2.1	41.7	71.7	60.6	20.0
Southeast	41.9	33.6	.6	0	1.7	1.5	76.9	16.7	-2	42.4	76.5	64.4	25.0
Southwest	37.1	39.2	-2.3	.3	-4	1.9	66.1	12.4	-3.1	39.8	66.8	55.0	190.0
Plains	47.3	35.3	5.0	.8	.8	2.3	56.9	15.2	-3.3	46.6	67.0	55.3	36.0
Rocky Mountain	43.6	34.8	2.0	.5	2.0	3.1	82.0	16.7	-6.0	38.2	62.8	55.6	0
High-income regions	31.5	28.6	-1.1	.2	-2.0	2.4	69.6	11.9	-3.6	27.5	70.1	52.8	25.0
Midwest	31.4	28.0	.9	.5	-2.3	2.2	59.8	13.8	-3.6	23.3	72.3	58.4	33.3
Far West	29.0	28.8	-2.6	.1	-1.4	2.3	58.0	8.3	-8	29.1	62.6	52.9	0
New England	34.5	37.3	.7	-2	-2.7	2.8	58.6	6.5	3.4	25.1	68.6	45.5	17.9
Great Lakes	32.8	39.5	.8	.3	-1.9	2.7	61.7	12.1	-3.9	31.7	75.0	53.9	100.0
1978-79													
United States	72.4	51.3	0	-4	4.8	3.6	128.6	35.8	6.3	90.0	96.6	78.5	100.0
Low-income regions	71.2	61.7	2.3	-2	3.5	3.4	137.1	42.0	2.6	91.4	89.6	84.6	66.7
Southeast	72.3	61.8	.8	-2	.9	3.1	127.2	36.6	2.7	85.0	106.2	76.6	60.0
Southwest	66.7	65.2	-5.9	0	6.4	3.2	151.2	64.0	-4	98.7	94.2	97.1	-30.0
Plains	65.9	48.2	-8.7	-2	7.0	4.4	145.3	32.2	2.0	98.6	93.2	88.5	73.3
Rocky Mountain	73.3	52.4	.4	-5	6.8	3.2	142.9	39.5	10.4	94.2	85.5	88.0	150.0
High-income regions	73.0	52.5	-1.1	-5	4.3	3.9	125.7	31.6	3.0	96.2	85.5	76.0	60.0
Midwest	67.0	62.7	-2.8	-5	1.8	3.4	136.1	34.2	3.9	86.0	97.1	69.6	78.8
Far West	75.4	63.2	-3	-8	9.2	3.6	142.3	26.7	10.7	104.8	96.3	75.3	-200.0
New England	69.9	58.9	-4.3	-2	4.8	4.3	124.1	42.7	3.9	84.4	82.3	82.3	40.8
Great Lakes	72.4	61.7	.7	-4	3.8	4.3	123.3	39.1	7.1	88.4	101.7	78.4	132.0

1. Hypothetical wages and salaries and farm proprietors' income + wage and salary employment and number of farm proprietors (see table 3, footnote 2).

2. Actual wages and salaries per employee and farm proprietors' income per proprietor + hypothetical wages and salaries per employee and farm proprietors' income per proprietor.

3. Plus number of farm proprietors.

Table 8.—Percent Distribution of Per Capita Personal Income, by Component, Selected Years, 1929-79, United States and BEA Regions

	1929	1940	1950	1959	1969	1979	1979
<b>United States</b>							
Per capita personal income	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Wages and salaries	58.7	63.6	64.3	67.7	68.1	68.8	68.5
Other labor income	.6	.9	1.6	2.8	3.8	4.6	6.1
Farm proprietors' income	7.2	8.7	6.0	2.5	1.9	3.1	1.6
Nonfarm proprietors' income	10.5	11.9	11.1	9.7	7.1	5.6	5.2
Personal dividend, interest, and rental income	21.5	25.7	11.9	12.2	13.8	13.5	14.9
Transfer payments	1.7	4.0	5.8	7.1	8.9	11.3	12.9
Less: personal contrib. for social insurance	.2	.3	1.3	2.1	3.5	4.0	4.1
Plus: residence adjustment	0	0	0	0	0	0	0
<b>Low-income regions</b>							
Per capita personal income	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Wages and salaries	58.9	58.5	58.1	64.1	65.6	62.8	62.1
Other labor income	.6	.3	1.4	2.4	3.6	4.3	5.9
Farm proprietors' income	17.3	12.9	12.1	5.1	3.5	2.5	2.5
Nonfarm proprietors' income	11.3	12.1	12.4	10.7	7.6	6.3	5.6
Personal dividend, interest, and rental income	15.2	12.4	9.6	11.9	13.4	13.5	14.8
Transfer payments	2.8	3.9	7.3	7.6	9.4	11.3	13.0
Less: personal contrib. for social insurance	.2	.3	1.2	2.0	3.4	3.9	4.1
Plus: residence adjustment	0	0	.2	.3	.3	.3	.3
<b>Southeast</b>							
Per capita personal income	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Wages and salaries	54.9	61.8	60.4	65.1	67.1	64.9	62.8
Other labor income	.6	.8	1.4	2.4	3.6	4.5	5.9
Farm proprietors' income	18.0	11.8	9.7	4.5	2.6	3.3	1.9
Nonfarm proprietors' income	10.4	11.2	11.8	10.3	7.2	6.1	5.1
Personal dividend, interest, and rental income	14.5	11.7	8.9	10.8	12.4	12.4	13.6
Transfer payments	1.9	3.6	8.4	8.0	9.8	12.2	14.5
Less: personal contrib. for social insurance	.2	.3	1.3	2.0	3.5	4.0	4.1
Plus: residence adjustment	0	0	.6	.3	.3	.3	.3
<b>Southwest</b>							
Per capita personal income	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Wages and salaries	52.3	58.9	58.5	64.5	65.5	63.8	63.8
Other labor income	.7	.9	1.4	2.7	3.7	4.5	6.1
Farm proprietors' income	15.8	12.8	8.9	4.1	3.2	4.9	1.9
Nonfarm proprietors' income	12.7	13.7	13.8	11.1	8.1	6.5	6.3
Personal dividend, interest, and rental income	16.9	13.8	19.4	18.2	14.1	14.3	15.3
Transfer payments	1.7	3.9	7.3	4.7	8.9	10.3	11.3
Less: personal contrib. for social insurance	.2	.7	1.2	2.0	3.4	3.9	4.1
Plus: residence adjustment	0	0	-.2	-.5	-.1	-.1	0
<b>Plains</b>							
Per capita personal income	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Wages and salaries	52.2	54.9	55.2	61.4	61.7	58.7	59.3
Other labor income	.6	.7	1.2	2.4	3.4	3.9	5.7
Farm proprietors' income	15.2	15.4	15.4	7.1	6.8	12.1	4.9
Nonfarm proprietors' income	11.8	12.4	12.2	11.2	8.0	6.2	5.6
Personal dividend, interest, and rental income	15.3	12.5	10.9	12.9	15.3	15.2	17.4
Transfer payments	2.2	4.4	6.3	7.6	9.0	10.3	11.7
Less: personal contrib. for social insurance	.1	.7	1.1	2.9	3.4	3.6	4.1
Plus: residence adjustment	0	0	-.1	-.3	-.7	-.7	-.7
<b>Rocky Mountain</b>							
Per capita personal income	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Wages and salaries	55.1	58.8	55.7	63.9	64.7	63.1	64.2
Other labor income	.8	1.0	1.2	2.1	3.0	3.9	5.4
Farm proprietors' income	12.4	11.8	12.5	4.7	4.3	6.6	2.3
Nonfarm proprietors' income	10.9	12.4	13.7	11.2	8.3	4.6	6.4
Personal dividend, interest, and rental income	15.2	12.0	10.5	12.5	14.5	13.8	14.9
Transfer payments	2.0	5.7	7.4	7.7	9.2	10.4	11.1
Less: personal contrib. for social insurance	.2	.7	1.3	2.1	3.6	3.9	4.3
Plus: residence adjustment	0	0	.8	0	.1	0	.1
<b>High-income regions</b>							
Per capita personal income	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Wages and salaries	60.5	65.6	68.1	68.4	68.3	67.7	64.3
Other labor income	.7	.9	1.8	3.0	3.9	4.9	6.3
Farm proprietors' income	2.4	2.8	3.0	1.4	1.1	1.5	1.0
Nonfarm proprietors' income	10.5	10.6	10.4	9.1	6.7	5.5	5.0
Personal dividend, interest, and rental income	23.5	17.1	11.8	13.4	14.0	13.8	15.0
Transfer payments	1.6	4.0	6.4	6.9	8.7	11.3	12.8
Less: personal contrib. for social insurance	.2	.9	1.3	2.1	3.5	4.1	4.1
Plus: residence adjustment	0	0	-.1	-.2	-.2	-.2	-.2
<b>Midwest</b>							
Per capita personal income	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Wages and salaries	59.5	65.6	68.9	70.7	70.1	69.2	64.6
Other labor income	.7	1.0	1.3	3.0	3.9	4.6	6.1
Farm proprietors' income	1.5	1.4	1.3	.7	.5	.6	.4
Nonfarm proprietors' income	8.9	10.1	9.8	8.9	6.5	5.2	4.8
Personal dividend, interest, and rental income	26.9	19.4	12.3	12.9	14.4	13.5	15.4
Transfer payments	1.5	3.9	5.6	7.1	9.1	11.9	14.0
Less: personal contrib. for social insurance	.2	.9	1.4	2.2	3.5	4.1	4.2
Plus: residence adjustment	0	0	-.4	-.8	-.1	-.1	-.1
<b>Pac West</b>							
Per capita personal income	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Wages and salaries	55.3	61.2	68.1	66.9	68.0	65.9	68.6
Other labor income	.8	1.0	1.3	2.4	3.4	4.2	5.7
Farm proprietors' income	6.3	4.5	4.3	2.2	1.4	2.1	1.4
Nonfarm proprietors' income	12.3	13.9	13.9	10.7	7.6	6.4	5.7
Personal dividend, interest, and rental income	23.2	15.9	12.0	13.5	13.8	12.8	15.6
Transfer payments	1.7	5.1	7.8	7.0	9.5	12.0	12.6
Less: personal contrib. for social insurance	.2	1.0	1.4	2.2	3.7	4.4	4.3
Plus: residence adjustment	0	0	.1	-.1	0	0	0
<b>New England</b>							
Per capita personal income	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Wages and salaries	61.7	64.9	68.0	68.2	68.7	65.8	62.1
Other labor income	.8	.8	1.8	2.5	3.9	4.7	6.2
Farm proprietors' income	1.7	1.2	1.4	.6	.4	.5	.3
Nonfarm proprietors' income	5.0	8.5	9.4	8.4	6.6	5.5	5.8
Personal dividend, interest, and rental income	23.4	21.0	13.0	13.9	15.2	14.5	15.9
Transfer payments	1.6	4.8	6.9	7.4	9.8	11.6	13.1
Less: personal contrib. for social insurance	.2	.8	1.3	1.9	3.3	3.6	3.9
Plus: residence adjustment	0	0	.4	1.4	1.7	1.5	1.2

farm proprietors' income per capita and by the percent change in non-farm proprietors' income per capita.<sup>8</sup> (2) Multiply, i.e., weight, the adjusted percent changes from step 1 by the shares of total personal income in the base year accounted for by wages and salaries and farm proprietors' income and by nonfarm proprietors' income, respectively, and multiply the percent changes of other labor income per capita (column 7) and of the other income components per capita (columns 10, 11, 12, and 13) by the shares of total personal income in the base year accounted for by other labor income, by personal dividend, interest, and rental income, by transfer payments, by personal contributions for social insurance, and by the residence adjustment, respectively (see table 6). (3) Subtract the corresponding national percent change, which also has been adjusted and/or weighted, from each weighted percent change from step 2. The contributions are shown in table 8.

In the discussions of per capita income growth patterns based on these measures that follow, hypothetical wages and salaries per employee, including farm proprietors (for the four most recent timespans) and hypothetical labor and proprietors' income per employee (for 1940-50) are referred to as the "industrial mix component." The ratio of actual to hypothetical wages and salaries per employee, including farm proprietors (for the four most recent timespans) and the ratio of actual to hypothetical labor and proprietors' income per employee (for 1940-50) are referred to as the "adjusted (for region/Nation differences in industrial mix) wage rate differential component." A brief discussion of the 1929-40 timespan, for which lack of data precludes a detailed breakdown of the per capita income components, also is included.

8. In general terms, the factors are:

$$\log (1 + \text{rate of change in subcomponent})$$

$$\log (1 + \text{rate of change in wages and salaries and farm proprietors' income per capita})$$

and

$$\log (1 + \text{rate of change in subcomponent})$$

$$\log (1 + \text{rate of change in nonfarm proprietors' income per capita})$$

Table 6.—Percent Distribution of Per Capita Personal Income, by Component, Selected Years, 1929-79, United States and BEA Regions—Continued

	1929	1940	1950	1960	1969	1979	1979
Great Lakes							
Per capita personal income	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Wages and salaries	62.9	67.2	69.2	69.9	70.0	68.0	65.2
Other labor income	.7	.9	1.0	3.8	4.5	5.4	6.9
Farm proprietors' income	5.5	4.5	4.5	2.0	1.7	2.3	1.5
Nonfarm proprietors' income	16.1	10.4	9.7	8.9	6.4	5.2	4.5
Personal dividend, interest, and rental income	15.4	18.1	10.5	11.2	13.0	12.8	14.0
Transfer payments	1.7	9.7	8.2	6.4	7.5	10.0	11.7
Less: personal contrib. for social insurance	.1	.5	1.2	2.0	3.4	3.9	4.0
Plus: residence adjustment	0	0	-1	.1	.1	.3	.3

Table 7.—Percentage-Point Difference From National Average in Adjusted and Weighted Percent Change in Per Capita Personal Income, by Detailed Component, 1940-50, BEA Regions

	Per capita personal income	Labor and proprietors' income per capita				Other income components per capita		
		Hypothetical income per employee	Actual income per employee + hypothetical income per employee	Total employment + working-age population	Working-age population + total population	Personal dividend, interest, and rental income per capita	Transfer payments per capita	Less: personal contributions for social insurance per capita
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Low-income regions	48.7	24.9	12.4	1.5	.3	4.4	5.9	.4
Southeast	53.3	29.6	12.1	-3.3	1.4	3.4	9.4	.6
Southwest	60.2	35.0	17.8	4.5	1.9	8.6	6.2	.5
Plains	42.3	19.3	11.6	8.2	-1.8	4.6	1.1	.1
Rocky Mountain	26.4	16.8	-7	12.6	-3.1	5.5	2.2	.3
High-income regions	-31.1	-11.6	-4.0	-6	-5	-2.0	-2.3	-3
Mideast	-21.9	-17.4	-5.8	-2.1	.7	-4.0	-2.2	-2
Far West	-20.1	-18.1	.1	-3.9	-3.3	-1	-5	-2
New England	-37.3	-20.3	-7.5	-4.7	.8	-4.5	-2.1	-5
Great Lakes	-3.5	.4	-3.7	4.3	-1.2	.5	-8.7	-1

1. See table 3, footnote 1.

Note.—Column 1 is the sum of columns 2-8, except for differences due to rounding.

## Per Capita Income Growth Patterns

### 1929-40

Per capita personal income declined in every region. It declined 3.8 percentage points less than nationally in the low-income regions and 1.3 percentage points more than nationally in the high-income regions. In the low-income regions, below-average declines in the Southeast, Southwest, and Rocky Mountain regions more than offset an above-average decline in the Plains. In the Southeast, Southwest, and Rocky Mountain regions, below-average declines or little change occurred in personal dividend, interest, and rental income per capita, in nonfarm proprietors' income per capita, and, except in the Rocky Mountain region, in wages and salaries per capita. In the Plains, wages and salaries per capita declined at an above-average rate.

In the high-income regions, above-average declines in per capita personal income in the Mideast and Great Lakes regions more than offset below-average declines in the Far West and New England. In the Mideast and Great Lakes regions, above-average

declines occurred in wages and salaries per capita, in nonfarm proprietors' income per capita, and in personal dividend, interest, and rental income per capita. In the Far West, below-average declines occurred in wages and salaries per capita and nonfarm proprietors' income per capita; and in New England, a below-average decline occurred in personal dividend, interest, and rental income per capita.

### 1940-50

Regional differences in per capita personal income narrowed substantially more than in any other time span. Per capita income increased 48.7 percentage points more than nationally in the low-income regions and 21.1 percentage points less than nationally in the high-income regions. Each low-income region had an above-average increase. Major contributing factors were above-average increases in the industrial mix component and increases, except in the Rocky Mountain region, in the adjusted wage rate differential component. The increase in the industrial mix component reflected large shifts in employment from farming, which was a relatively

low-paying industry nationally, to manufacturing, trade, and the transportation group, which were relatively high-paying industries nationally. Increases in the adjusted wage rate differential reflected above-average increases in wage rates in nearly every industry. In the Rocky Mountain region, another major factor was an increase that was larger than in any other region in the percent of the working-age population that was employed.

Each high-income region had a below-average increase in per capita personal income. Major contributing factors were well-below average increases in the industrial mix component, except in the Great Lakes region, and declines in the adjusted wage rate differential component, except in the Far West. In the Mideast and New England, the small increases in the industrial mix component reflected employment increases that were smaller than in any other region in the high-paying manufacturing, trade, and transportation-group industries. In the Far West, the small increase reflected an employment increase that was larger than in any other region in services and government, which was a relatively low-paying industry nationally. In the Great Lakes region, the industrial mix benefited during World War II from the conversion of the motor vehicle industry to the production of military durable goods and, after the war, from strong catch-up demand for consumers' durables. In the Mideast, New England, and Great Lakes regions, declines in the adjusted wage rate differential reflected below-average increases in wage rates in nearly every industry.

### 1950-59

Per capita income increased 3.2 percentage points more than nationally in the low-income regions and 2.3 percentage points less than nationally in the high-income regions. In the low-income regions, above-average increases in the Southeast and Southwest more than offset below-average increases in the Plains and Rocky Mountain regions. In the Southeast and Southwest, a major factor contributing to the strength in per capita income was an above-average increase in the percent of the working-age population that was employed; employment increases were above average in most nonfarm industries. Another

major factor was a below-average decline in the percent of the total population that was of working age. The postwar baby boom, which, in every region, led to increases in the ratio of pre-working-age to total population and, conversely, to declines in the ratio of working-age to total population, lowered the average age of the population less in the Southeast than in other regions. In the Southeast, an increase that was larger than in any other region in the adjusted wage rate

differential component mainly reflected a large increase in the earnings rate of farm proprietors. In the Southwest, an above-average increase in personal dividend, interest, and rental income per capita reflected large increases in each of these three income components. In the Plains and Rocky Mountain regions, major factors in the below-average increases in per capita income were declines in the adjusted wage rate differential component and below-average increases in

the industrial mix component. Declines in the adjusted wage rate differential component mainly reflected large declines in the earnings rate of farm proprietors; in contrast, this income source increased or changed little in all other regions. In the Rocky Mountain region, the small increase in the industrial mix component reflected above-average increases in employment in trade, services, and government, which were relatively low-paying industries nationally.

Table 8.—Percentage-Point Difference From National Average in Adjusted and Weighted Percent Change in Per Capita Personal Income, by Detailed Component, Selected Timespans, 1950-79, BEA Regions

	Per capita personal income	Labor and proprietors' income per capita							Other income components per capita				
		Hypothetical income per employee	Actual income per employee + hypothetical income per employee	Wage and salary employment + total employment	Total employment + working-age population	Working-age population + total population	Other labor income per capita	Non-farm proprietors' income + number of nonfarm proprietors	Number of nonfarm proprietors + total employment	Personal dividend, interest, and rental income per capita	Transfer payments per capita	Personal contribution for social insurance per capita	Residence adjustment per capita
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1950-59													
Low-income regions	3.2	-0.8	-1.2	-0.5	2.5	1.5	-0.2	-0.9	0.4	1.4	0.1	0.1	0
Southeast	10.9	.3	9.6	-.9	1.9	2.9	-.2	-.7	1.4	1.3	.4	.1	.7
Southwest	.7	-.7	-2.2	.1	3.1	.9	.1	-.2	-.4	2.1	-1.2	0	-.6
Plains	-6.4	-2.5	-3.9	.4	3.8	-1.0	-.4	-.6	-.3	1.2	-.7	0	-.6
Rocky Mountain	-5.8	-2.2	-3.6	.4	1.7	.2	-.7	-.3	-.5	.1	-.4	-.1	0
High-income regions	-2.8	.4	.6	.2	-1.4	-1.1	.1	.2	-.2	-.8	-.1	0	-.1
Midwest	-2.2	.5	1.1	.1	-1.5	-.3	.1	-.2	0	-.7	0	0	-.7
Far West	-2.7	-.3	-.2	-.9	.8	-.8	-.4	-.3	-1.6	-.1	-1.3	-.1	-.2
New England	2.8	.6	.5	-.1	.3	-.5	0	-.3	-.3	-.8	.5	-.2	1.6
Great Lakes	-4.3	1.0	-.4	-.2	-8.2	-1.6	.3	.5	-.1	-1.4	-.2	-.3	-.1
1960-69													
Low-income regions	7.7	3.6	-.2	0	1.0	1.1	.2	.2	0	.8	1.1	.3	.4
Southeast	14.6	5.6	1.5	-.1	2.3	1.6	.6	.2	0	.7	2.9	.8	.9
Southwest	-.3	1.1	-2.2	0	1.7	.4	-.1	.3	-.1	-.5	.5	0	.4
Plains	6.6	2.6	1.0	0	.3	.3	0	.4	.1	3.0	-.3	.2	-.8
Rocky Mountain	-9.7	-.6	-2.6	0	-6.3	2.3	-1.0	-.1	.2	-1.0	-1.0	-.1	.2
High-income regions	-4.1	-2.8	.6	0	-.6	-.7	-.1	-.1	0	-.4	-.5	-.2	-.2
Midwest	-3.8	-3.5	1.9	.1	-.2	-2.2	-.4	.4	-.1	.3	-.1	-.2	-1.0
Far West	-9.2	-3.3	-1.2	-.3	-3.5	.8	-.5	-.8	.3	-2.2	-.4	-.1	0
New England	-.6	-3.7	-3.0	-.1	-2.3	-1.2	.1	-.5	.2	1.6	-.3	-.2	1.5
Great Lakes	-2.7	-1.0	-1.1	.2	1.6	0	.5	-.3	-.2	-.7	-1.7	-.1	.2
1970-79													
Low-income regions	7.1	2.5	1.2	0	1.6	-.2	.2	.3	0	1.2	.4	.2	-.1
Southeast	7.0	2.2	.5	-.1	2.2	-.6	.3	.4	.2	.8	1.2	.3	-.2
Southwest	2.2	1.3	-.2	.3	.4	-.3	0	.2	-.1	1.2	-.3	0	-.1
Plains	12.4	4.3	4.1	.3	1.0	.6	-.1	.4	-.1	2.7	-.3	0	-.3
Rocky Mountain	8.7	3.1	1.7	.3	2.6	.9	-.1	.5	-.4	.6	-.5	.1	0
High-income regions	-3.4	-1.6	0	0	-1.1	.2	-.1	-.1	-.1	-.6	-.2	-.1	-.1
Midwest	-3.6	-1.8	.7	.3	-1.2	0	-.2	0	-.4	-.3	-.3	0	-.4
Far West	-6.9	-1.9	-2.0	-.1	-.5	-.1	-.3	-.3	.1	-.4	-.3	-.1	0
New England	-4.4	-3.8	.6	-.3	-1.5	.4	-.2	-.4	.4	-.4	-.2	-.4	.3
Great Lakes	-1.1	-.4	.3	.1	-1.0	.4	.3	-.1	-.1	-.3	-.6	-.2	.1
1979-79													
Low-income regions	1.8	-.5	2.0	.2	-.4	-.2	0	.6	-.2	.1	.4	.2	.2
Southeast	.4	-.8	2.2	.2	-2.2	-.5	-.2	.1	-.3	-1.1	2.0	-.1	.5
Southwest	14.2	2.2	6.1	.4	2.5	-.2	-.3	2.2	-.5	2.0	-.7	.5	.1
Plains	-5.8	-8.0	-5.0	.2	2.7	.7	-.2	-.1	-.3	1.6	-1.6	.1	-.5
Rocky Mountain	1.4	1.1	.8	-.4	2.9	-.3	-.4	.7	.4	.4	-2.8	.5	.1
High-income regions	-.4	.4	-1.0	-.1	.3	.2	-.1	-.3	.2	.1	-.2	-.1	-.1
Midwest	-5.4	0	-2.3	-.1	-2.8	-.3	-.4	-.3	.1	-.3	.5	-.3	-.8
Far West	7.0	1.3	-.2	-.3	8.9	.1	-.1	-.3	.4	1.3	-.5	-.2	.1
New England	-2.5	-.5	-3.7	0	.7	.5	-.1	-.3	-.2	-.1	-.3	-.1	.6
Great Lakes	0	.7	.6	0	-.3	.6	-.7	-.5	0	-.3	-.5	-.1	.3

1. See table 5, footnotes 1-3.

2. Sum of the percentage-point differences from the national average of the adjusted and weighted percent changes in the total employment + working-age population components of wages and salaries and farm proprietors' income per capita and of nonfarm proprietors' income per capita.

3. Sum of the percentage-point differences from the national average of the adjusted and weighted percent changes in the working-age population + total population components of wages and salaries and farm proprietors' income per capita and of nonfarm proprietors' income per capita.

Note.—Column 1 is the sum of columns 2-13 except for differences due to rounding.

Each high-income region except New England had a below-average increase in per capita personal income. In the Mideast and Great Lakes regions, a major contributing factor was a below-average change in the percent of the working-age population that was employed; employment declined or increased at below-average rates in nearly all industries. Another major factor was an above-average decline in the percent of the total population that was of working age. In the Far West, major factors were a decline that was larger than in any other region in the percent of total employment accounted for by nonfarm proprietors and an increase that was smaller than in any other region in transfer payments per capita. Weakness in transfer payments per capita reflected a below-average increase in the percent of the total population aged 65 and over; this age group receives the bulk of social security and other retirement payments, which account for the largest share of total transfer payments. In New England, major factors contributing to strength in per capita income were an increase in the adjusted wage rate differential component and an above-average increase in the industrial mix component. The industrial mix benefited from a large shift in employment from nondurables (in particular, textiles) to durables manufacturing; the shift was to the highest paying industry nationally.

#### 1959-69

Regional differences in per capita personal income narrowed more than in any other timespan except 1940-50. Per capita income increased 7.7 percentage points more than nationally in the low-income regions and 4.1 percentage points less than nationally in the high-income regions. In the low-income regions, above-average increases in the Southeast and Plains more than offset below-average increases in the Southwest and Rocky Mountain regions. In the Southeast, major factors contributing to the strength in per capita income were above-average increases in the percent of the working-age population that was employed, the industrial mix component, and transfer payments per capita. The employment/working-age population ratio benefited from above-average increases in employment in most industries; the industrial mix benefited from especially large

relative increases in employment in manufacturing, construction, and the transportation group, which were relatively high-paying industries nationally. Transfer payments per capita, consisting mainly of retirement payments, benefited from an increase that was larger than in any other region in the percent of the total population aged 65 and over. In the Plains, major factors were large increases in the industrial mix component, in the adjusted wage rate differential component, and in personal dividend, interest, and rental income per capita. The increase in the industrial mix component reflected a large decline in employment in farming, which was a relatively low-paying industry nationally, and below-average increases in employment in the low-paying trade, services, and government industries. The increases in the other two components reflected above-average increases in the earnings rate of farm proprietors who remained in the region and in farm-related rental income per capita, respectively. In the Southwest and Rocky Mountain regions, a major factor in the weakness in per capita income was a decline in the adjusted wage rate differential, which reflected below-average increases in wage rates in most industries. In the Rocky Mountain region, another major factor was a change that was smaller than in any other region in the employment/working-age population ratio, reflecting below-average increases in employment in construction and private service-type industries.

Each high-income region had a below-average increase in per capita personal income. In the Mideast and New England, major contributing factors were below-average increases in the industrial mix component and the percent of the total population that was of working age. The industrial mix was adversely affected by especially small relative increases in employment in the high-paying manufacturing industry. The increases in the ratio of working-age to total population were smaller than in any other region. In New England and the Far West, a major factor was a below-average increase in the percent of the working-age population that was employed. In the Far West, other major factors were a below-average increase in the industrial mix component, which reflected slumps in the high-paying aircraft and construction in-

dustries, and weakness in personal dividend, interest, and rental income per capita, which reflected increases that were smaller than in any other region in both interest income and rental income per capita. In the Great Lakes region, a major factor was a below-average increase in transfer payments per capita, which reflected an especially small increase in the percent of the total population aged 65 and over.

#### 1969-73

Per capita personal income increased 7.1 percentage points more than nationally in the low-income regions and 3.4 percentage points less than nationally in the high-income regions. Each low-income region had an above-average increase in per capita income. A major contributing factor was an above-average increase in the industrial mix component. The industrial mix benefited from large increases in employment in manufacturing and, except in the Plains, in construction and the transportation group; each was a relatively high-paying industry nationally. In the Southeast and Rocky Mountain regions, another major factor was an increase, compared with a decline nationally, in the percent of the working-age population that was employed. In the Plains, other major factors were increases that were larger than in any other region in the adjusted wage rate differential component and in personal dividend, interest, and rental income per capita; the increases mainly reflected an increase in the earnings rate of farm proprietors to an unusually high level in 1973 and a large increase in farm-related rental income per capita. In the Southwest, strength in personal dividend, interest, and rental income per capita reflected above-average increases in each of these three income components.

Each high-income region had a below-average increase in per capita personal income. Major contributing factors were above-average declines in the percent of the working-age population that was employed and below-average increases in the industrial mix component. The employment/working-age population ratio was adversely affected by declines or below-average increases in employment in most industries; the industrial mix

was adversely affected by large declines or especially small relative increases in employment in the high-paying manufacturing, construction, and transportation-group industries. In the Far West, another major factor was a decline that was larger than in any other region in the adjusted wage rate differential component; increases in wage rates in nearly every industry were below average.

#### 1973-79

In 1973-79, regional differences in per capita personal income narrowed less than in any other timespan, mainly reflecting divergences from the national average in the Plains and Far West regions. In 1969-79, in contrast, per capita income converged toward the national average in the Plains and Far West regions. In the low-income Plains, strength in farming in the early 1970's more than offset weakness in the late 1970's. In the high-income Far West, weakness in the aircraft industry in the early 1970's more than offset strength in the late 1970's.

In 1973-79, per capita income increased 1.8 percentage points more than nationally in the low-income regions and 0.4 percentage point less than nationally in the high-income regions. Each low-income region except the Plains had an above-average increase in per capita income. In the Southeast and Southwest, major contributing factors were increases that were larger than in any other region in the adjusted wage rate differential component; increases in wage rates in nearly every industry were above average. In the Southeast, in addition, a major factor was an above-average increase in transfer payments per capita; the percent of the total population aged 65 and over increased more than in any other region. In the Southwest, in addition, and in the Rocky Mountain region, major factors were above-average increases in the percent of the working-age population that was employed, the industrial mix component, and nonfarm proprietors' income per capita. The employment/working-age population ratio benefited from above-average increases in employment in all industries; the industrial mix benefited from especially

large relative increases in employment in mining, construction, and manufacturing, which were relatively high-paying industries nationally. In the Plains, major factors in the weakness in per capita income were a decline that was larger than in any other region in the adjusted wage rate differential component and an increase that was smaller than in any other region in the industrial mix component. The decline in the adjusted wage rate differential mainly reflected a decline in the earnings rate of farm proprietors from the unusually high 1973 level.

In the high-income regions, below-average increases in per capita personal income in the Mideast and New England more than offset an above-average increase in the Far West and no change in the Great Lakes region. In the Mideast and New England, a major factor contributing to the weakness in per capita income was a decline in the adjusted wage rate differential component; increases in wage rates in nearly every industry were below average. In the Mideast, another major factor was a below-average increase in the percent of the working-age population that was employed; employment declined or had a small increase in nearly every industry. In the Far West, major factors in the strength in per capita income were above-average increases in the percent of the working-age population that was employed and in the industrial mix component. The employment/working-age population ratio benefited from above-average increases in employment in nearly every industry; the industrial mix benefited from especially large relative increases in employment in the high-paying construction, manufacturing, and transportation-group industries. An increase in personal dividend, interest, and rental income per capita was larger than in any other region; an increase in rental income per capita was especially large, in part due to an above-average increase in housing prices.

#### Availability of Additional Data

Tables that show estimates of the subcomponents of labor and propri-

etors' income per capita, as well as related estimates, for the years covering the five timespans from 1940 to 1979, are available on request. Table A shows, for 1940 and 1950, actual labor and proprietors' income per employee (the product of subcomponents a and b in table 3 of the article), hypothetical labor and proprietors' income per employee (subcomponent a), and the ratio of actual to hypothetical labor and proprietors' income per employee (subcomponent b); table A also shows the percent of the working-age population that is employed (subcomponent c). Tables B and C show, for 1940 and 1950, national and regional distributions, by industry, of (1) labor and proprietors' income per employee and (2) employment, both of which are used in calculating subcomponents a and b. Table D shows, for 1950 forward, actual wages and salaries per employee, including farm proprietors (the product of subcomponents 1 and 2), hypothetical wages and salaries per employee, including farm proprietors (subcomponent 1), and the ratio of actual to hypothetical wages and salaries per employee, including farm proprietors (subcomponent 2); table D also shows nonfarm proprietors' income per proprietor (subcomponent 7). Tables E and F show, for 1950 forward, national and regional distributions, by industry, of (1) wages and salaries per employee, including farm proprietors, and (2) employment, including farm proprietors, both of which are used in calculating subcomponents 1 and 2. Table G shows, for 1950 forward, the distribution of employment by type of employee (including subcomponents 3 and 8) and the percent of the working-age population that is employed (subcomponents 4 and 9); table G also shows, for 1940 forward, the distribution of population by age (including subcomponents 5, 10, and d). Estimates of the components of per capita personal income other than those relating to labor and proprietors' income per capita (components e-g and 11-14), as well as other labor income per capita (subcomponent 6), can be found in table 2 of the article. Address all data inquiries to the U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Analysis Division, Washington, D.C. 20230.